

We claim:

1. A method for transfer of employee stock options, the method comprising:
purchasing an employee stock option; and
hedging the employee stock option.
- 5 2. A method according to claim 1, further comprising determining a value of the
employee stock option using an option pricing formula.
3. A method according to claim 2, wherein the option pricing formula is selected
from the group consisting of Black-Scholes, binomial and trinomial methods.
4. A method according to claim 1, further comprising registering an offering of
10 securities underlying the employee stock option.
5. A method according to claim 1, further comprising issuing the employee stock
option.
6. A method according to claim 1, further comprising either one time or
periodically repeating the purchasing and hedging.
- 15 7. A method according to claim 6, wherein the term for periodic repeating is
selected from the group consisting of monthly, quarterly, semi-annually and annually.
8. A method according to claim 1, wherein hedging the employee stock option
includes short selling of securities and/or futures contracts.
9. A method according to claim 1, wherein hedging the employee stock option
20 includes buying and selling securities that underlie the employee stock option.
10. A method according to claim 1, wherein hedging the employee stock option
includes buying and selling of securities that underlie the employee stock option to rebalance
the hedge position.

11. A method for transfer of employee stock options, the method comprising:
determining an economic value of an employee stock option based on an option
pricing formula;
making the economic value available to holders of the employee stock option; and
5 exchanging the employee stock option for the economic value.
12. A method according to claim 11, wherein the economic value is a cash value.
13. A method according to claim 11, wherein the economic value is a number of
shares of stock.
14. A method according to claim 11, wherein exchanging occurs within a
10 predetermined window of time.
15. A method according to claim 11, wherein exchanging occurs periodically.
16. A method according to claim 11, wherein the option pricing formula is
selected from the group consisting of Black-Scholes, binomial and trinomial methods.
17. A method for issue of employee stock options, the method comprising:
15 issuing an employee stock option with transfer rights; and
establishing a beginning date for the transfer rights at a predetermined date following
the date of issue of the employee stock option.
18. A method according to claim 17, wherein the employee stock option includes
a vesting date and the beginning date is later than the vesting date.
- 20 19. A method for transfer of employee stock options, the method comprising:
determining a cash value of an underwater employee stock option based on the Black-
Scholes option pricing formula;
publishing the cash value; and

exchanging the underwater employee stock option for the cash value during a predetermined window of time.

20. A method for hedging employee stock options, the method comprising:
exchanging an economic value for an employee stock option, the economic value
5 based on an option pricing formula; and
hedging the employee stock option with a future.

21. A method according to claim 20, further comprising:
borrowing stock;
purchasing a 1-delta amount of stock; and
10 selling a 1-delta amount of stock.

22. A method according to claim 20, further comprising determining whether it is optimal to early exercise the future.

23. A method according to claim 20, further comprising determining whether the employee stock option is in the money.

15 24. A method according to claim 20, further comprising exercising the employee stock option.

25. A method according to claim 20, further comprising closing out the future position.

26. A method according to claim 20, further comprising delivering a prospectus.

20 27. A method for hedging employee stock options, the method comprising:
exchanging an economic value for an employee stock option, the economic value
based on an option pricing formula; and
hedging the employee stock option with stock.

28. A method according to claim 27, further comprising borrowing an amount of stock equal to the amount of the employee stock options received in the exchange.

29. A method according to claim 27, further comprising selling a delta amount of stock.

5 30. A method according to claim 27, further comprising:
borrowing stock;
purchasing a 1-delta amount of stock; and
selling a 1-delta amount of stock.

10 31. A method according to claim 27, further comprising:
monitoring changes in delta; and
buying or selling stock based on the changes in delta.